



FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35630]

Wisconsin Central Ltd.—Intra-Corporate Family Merger Exemption—Elgin, Joliet and Eastern Railway Company

Wisconsin Central Ltd. (WCL), Wisconsin Central Transportation Corporation (WCTC), and Elgin, Joliet and Eastern Railway Company (EJ&E) (collectively, applicants) have jointly filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for an intra-corporate family transaction.

WCL, a rail carrier, is a wholly owned subsidiary of WCTC, a noncarrier, which, in turn, is a direct subsidiary of Grand Trunk Corporation (GTC). GTC, a noncarrier holding company for the U.S. rail carrier subsidiaries of Canadian National Railway Company (CNR), is a direct subsidiary of CNR. In Canadian National Railway—Control—Wisconsin Central Transportation, 5 S.T.B. 890 (2001) (CNR/WC), CNR and GTC acquired control of WCL and other related rail carriers.¹ EJ&E, a rail carrier, is a direct subsidiary of GTC.²

¹ At the time of the 2001 CNR/WC transaction, the WCTC family of rail carriers also included WCL, Fox Valley & Western Ltd. (FVW), Sault Ste. Marie Bridge Company (SSMB) and Wisconsin Chicago Link Ltd. (WCCL). FVW has since been dissolved into WCL. Wis. Cent. Transp.—Intracorporate Family Transaction Exemption, FD 34296 (STB served Jan. 22, 2003). Applicants state that SSMB and WCCL remain in existence as rail carriers and subsidiaries of WCTC.

² Canadian Nat'l Ry.—Control—EJ&E W. Co., FD 35087 (STB served Dec. 24, 2008).

Applicants state that the rail lines of WCL and EJ&E connect at Leithton, Ill., north of Chicago, Ill., and WCL has existing overhead trackage rights over EJ&E's line to reach the Kirk Yard in Gary, Ind., a major classification and interchange facility, and other interchange locations on the line. Applicants state that the Kirk Yard serves a particularly important function for traffic moving to and from WCL, because WCL does not have substantial yard facilities on its own lines in Chicago.

Applicants state that WCL will be merged into WCL's immediate parent, WCTC, with WCTC as the surviving entity. WCTC then immediately will be renamed Wisconsin Central Ltd. The newly renamed WCL (formerly WCTC) will continue to control SSMB and WCCL as WCTC has done. Pursuant to an agreement and plan of merger by applicants (consented to by GTC), EJ&E will then be merged with and into WCL, with WCL as the surviving corporation. According to applicants, the consolidated entity will continue all existing operations of WCL and EJ&E, but with a unified workforce, enhanced efficiencies, and crew management flexibility in the Chicago terminal.

Applicants state that the merger of WCL into WCTC, and the concurrent name change of WCTC to WCL, are expected to occur on September 30, 2012. Applicants state that, subject to negotiation or (if necessary) arbitration of labor implementing agreements, the consummation of the proposed merger of EJ&E with and into WCL would occur on December 31, 2012. They indicate that, in no event, would the transaction occur sooner than June 22, 2012, the effective date of the exemption.

The purpose of the intracorporate transaction is to simplify CNR's corporate structure by consolidating two separate, connecting railroads into a single entity, to reduce the administrative burden associated with tax matters, financial reporting, accounting, IT systems, and corporate filings that are required to support the separate existence of EJ&E, and to address crew management inefficiencies and train service efficiencies in and around the Chicago terminal area, where both carriers involved in the proposed merger currently operate.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or any change in the competitive balance with carriers outside the corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. As a condition to the use of this exemption, any employees adversely affected by this transaction will be protected by the conditions set forth in New York Dock Railway—Control—Brooklyn Eastern District Terminal, 360 I.C.C. 60 (1979).

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness

of the exemption. Petitions for stay must be filed no later than June 15, 2012 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35630, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2832.

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Decided: June 5, 2012

By the Board, Rachel D. Campbell, Director, Office of Proceedings.

Derrick A. Gardner

Clearance Clerk

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